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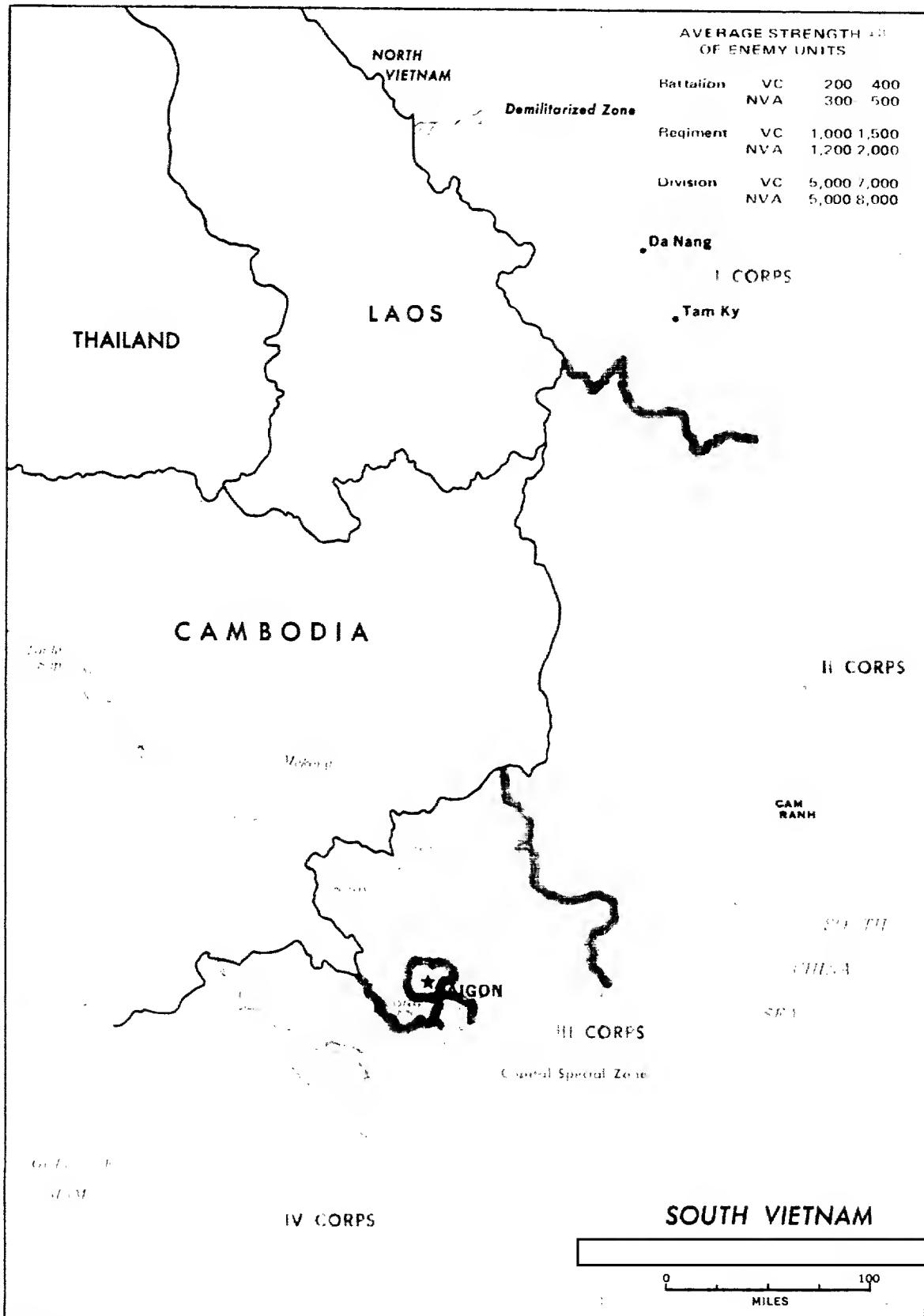
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C Vietnam: Communist military units remain active in widely scattered areas of South Vietnam.

The fighting near Tam Ky just south of Da Nang is continuing for the fifth day. Da Nang itself was struck by light rocket fire on 21 August. In the III Corps area, small-scale battles occurred yesterday south of Saigon in Long An Province and northwest of the capital in Binh Long and Tay Ninh provinces.

In the delta, the Communists overran a South Vietnamese outpost in Vinh Long. All of these actions were relatively limited in scope, involving ambushes, mortar fire, and company-sized engagements.

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C Czechoslovakia: The threat of a national crisis is expected to ease now that the anniversary of the invasion has passed.

Large crowds demonstrated throughout Prague yesterday afternoon and evening, but reinforced security troops rebuffed them with tear gas, water hoses and truncheons. Some dissidents became increasingly more daring in resisting the police, but to no avail. By early evening, the situation was largely quiet and the authorities capped a strong show of force by moving army tanks near the center of the city.

Other forms of resistance were more successful. The US Embassy estimated that the boycott of transport services was 90 percent effective and that shopping was sharply curtailed as planned by the dissidents.

Protest gatherings spread to other parts of the country and Czechoslovak media disclosed that significant demonstrations had developed in Brno, the second largest city, and Liberec. Local authorities, however, dispersed the crowds with the same police tactics employed in Prague.

Some civil unrest could occur in Prague and other cities over the weekend when most students and workers are idle. The regime will continue its tough response to public protest, however, and many dissidents probably will be dissuaded from taking to the streets.

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Arab States - Israel: Arab reaction to the fire in the al-Aqsa mosque in Jerusalem is likely to be serious.

Some anti-Israeli demonstrations have already taken place in East Jerusalem, and more anti-Jewish and possibly anti-US incidents can be expected.

The al-Aqsa mosque, an ancient and revered Muslim shrine in East Jerusalem, was badly damaged by fire Thursday morning. Although early reports pointed out that the cause of the fire may have been an electrical short, Arab radio stations immediately began blaming Israel. The Voice of the Arabs in Cairo exhorted Arabs "to retaliate with violence and strength." At the same time it accused the US of being an accomplice because it condones Israeli moves "to Judaize" Jerusalem.

Within Jerusalem itself a curfew has been imposed in the Arab sector and other security precautions have been taken. Prime Minister Golda Meir, after a special session of the cabinet, announced that an inquiry would be made to determine the cause of the fire.

Reversing his previous stand against convening an Arab summit conference, King Husayn has now called for such a meeting to plan the "defense of our religion, sanctuaries, and heritage." Husayn's call will make it difficult for other leaders, such as Saudi King Faysal, not to participate.

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Dominican Republic: The opposition is accelerating its campaign to force President Balaguer to renounce any plans for re-election next year.

A transportation workers' strike scheduled to begin on 27 August appears to be the first in a series of moves designed to embarrass the government and build up public opposition to a second term for the President. A tenuous coalition of groups on both the left and right is prepared to support the walkout if it appears to have a chance of success. Some of the Communist groups involved hope to use the strike as a means for provoking a general uprising.

The open break between Balaguer and Vice President Lora, who plans to run for the presidency in 1970, has increased political uneasiness as has Lora's rumored support of the strikers. Balaguer, however, can count on the backing of the armed forces and has frequently been successful in cowing the opposition with a show of force. He has indicated he would take a hard stand in the face of any disorders resulting from an illegal and politically motivated strike. A violent confrontation, however, would fuel charges of repression and help his opponents gain support.

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Mexico-Cuba: Relations between the countries have cooled following Cuba's refusal to extradite two Mexican airplane hijackers.

Cuba probably underestimated Mexican reaction to a scathing anti-Mexican article in Cuba's Communist Party daily, Granma. Prior to the press attack, Mexico had limited its official reaction to a simple protest, although the public media had stridently voiced Mexican indignation. President Diaz Ordaz reportedly is demanding a Cuban apology and has called home his ambassador to Havana to emphasize Mexico's displeasure.

As recently as last December, the Mexican foreign minister characterized Mexican-Cuban relations as being at one of their highpoints, and despite occasional disturbing incidents both nations have found it valuable to work for a cordial exchange. The Mexican Foreign Ministry, which is trying to soften Diaz Ordaz' hard line, appears puzzled over Cuba's sudden hostility.

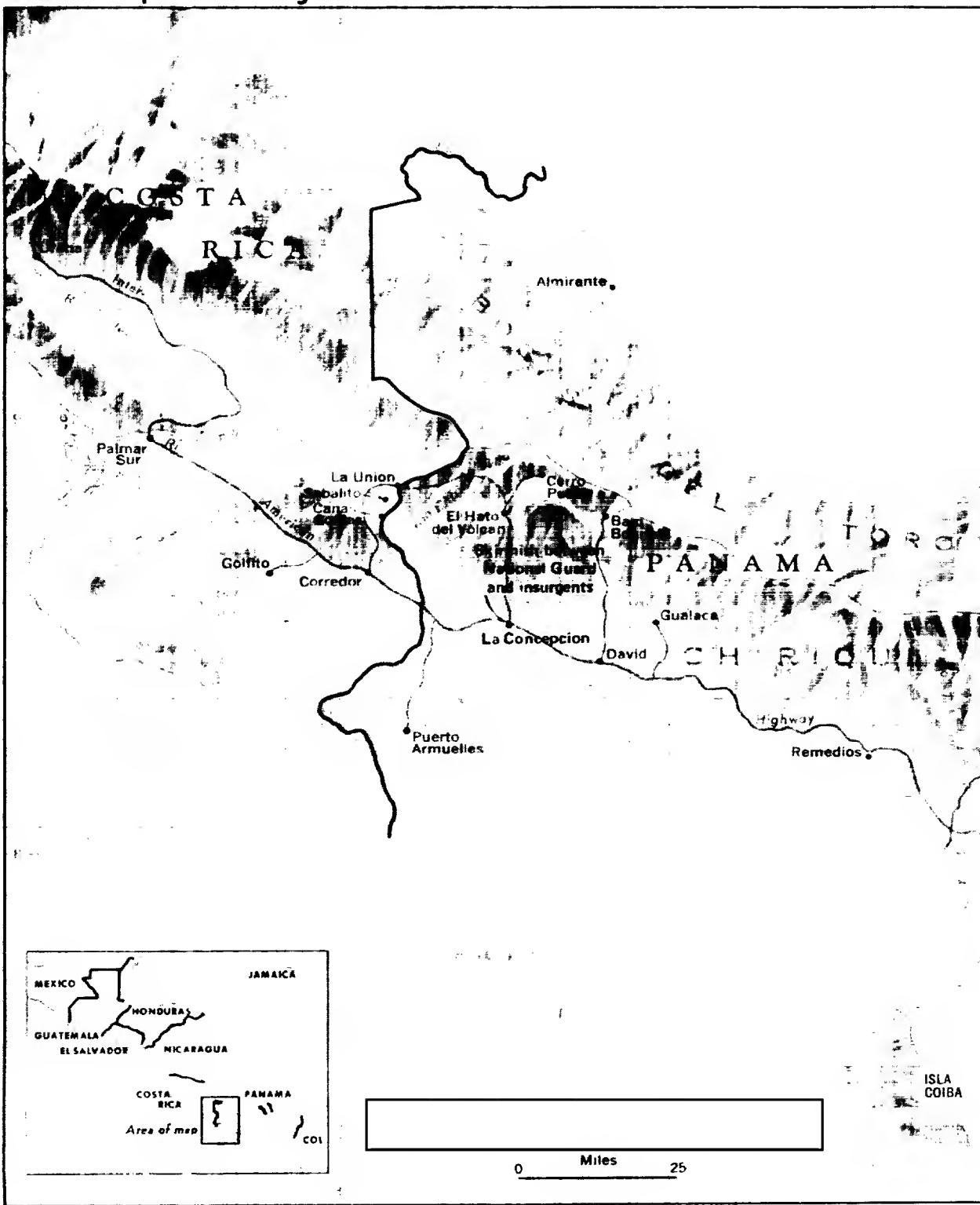
The development of the heated controversy over this issue may have surprised both sides. Relations will probably remain tense for a while, but an open break is unlikely.

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Panama: Sporadic Insurgent Clashes Continue



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Panama: The military government is trying to curtail exile activities in neighboring countries as sporadic insurgent clashes continue.

The latest skirmish between the national guard and an unidentified group of insurgents occurred near the town of La Concepcion on the Inter-American highway close to the Costa Rican border. Four members of the group were killed. Additional troops were dispatched to the area in search of other insurgents and possible weapons caches. Guard leaders were alarmed by the discovery of a map which highlights key targets in the provincial capital of David.

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Antigovernment activities in Panama still appear restricted to several small and scattered groups. Nevertheless, Communist militants and supporters of deposed president Arias will persist in their efforts to promote insurgency.

USSR-Japan: The two countries have reached preliminary agreement on a second investment deal involving the development of Siberian timber resources.

Under the proposed plan, Japan is to supply machinery and equipment, including a wood mill, for forestry development in exchange for some \$350 million of pulpwood and wood chips to be delivered over a ten-year period. Until now the US has been Japan's only source of wood chips; imports reached \$52 million last year.

A Japanese delegation is scheduled to visit Siberia next month to work out the final details. The formal agreement is expected to be signed in February 1970 during the meeting of the Japan-Soviet Economic Joint Committee. The two countries concluded a similar agreement last year under which Japan will receive \$160 million of Soviet timber during the next five years.

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Southern Yemen: The government has rounded up a number of opposition elements, but the situation remains unstable.

Public security forces have arrested between 40 and 100 supporters of ex - prime minister Faysal al-Shaabi. Although al-Shaabi has been under military guard since his ouster in June, he has continued to work to rally support for an attempted comeback. The roundup of his supporters should at least temporarily ease the threat to the regime from that quarter.

The ruling clique of the National Liberation Front is nevertheless still confronted with serious problems. Support for the government has been evaporating, as the regime has continued in a state of virtual paralysis.

The publicizing of a plan to create a system of political commissars within the army and to move junior officers into senior positions has further alienated the disgruntled military. Most army officers are reportedly unhappy with the leadership of the front's strongman Abd al-Fatah Ismail, but are uncertain and divided on what to do.

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NOTE

Australia: Prime Minister Gorton has scheduled federal elections for 25 October, a month earlier than usual. Gorton took the step despite the impending retirement of Defense Minister Fairhall, who is quitting because of health reasons and personal and policy differences with Gorton. The Prime Minister has reassured party backbenchers that Fairhall's resignation does not foreshadow any major changes in defense, foreign, and domestic policies during the election campaign. In view of the continuing disarray in the opposition Labor Party, the Liberal-Country coalition, in power since 1949, is expected to win re-election handily.

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